February 6, 2012

Honorable Jaclyn A. Brilling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 09-E-0115: Demand Response Initiative

Dear Secretary Brilling:

The Northeast Clean Heat and Power Initiative (“NECHPI”) petitions for Active Party Status in the above mentioned case and offers these comments to the New York State Public Service Commission (the “Commission”) in response to the Consolidated Edison of New York’s (the “Company”) tariff filing on November 17, 2011 modifying its demand response (“DR”) programs.

1. The Commission should strengthen support for clean distributed generation (“DG”).

The benefits of DG are well known. For example, as a result of DG’s proximity to energy loads, DG reduces line losses and enhances the overall efficiency of electricity distribution. By alleviating the strain on congested power grids, DG also improves energy security. DG is “particularly beneficial to the electric infrastructure in places like New York City that suffer from a shortage of local generating capacity, while seeing rapid growth in demand for electricity.”1 New York’s energy policy recognizes the important contribution of DG systems to “energy and cost reductions, improved energy security and reliability and reductions in air emissions.” Moreover, the New York Energy Research and Development Authority (“NYSERDA”) recently received approval to continue its successful CHP Demonstration Programs under the fourth phase of the system benefits Charge.

NECHPI is particularly concerned with maintaining and enhancing the viability of DG in New York City. Given the recognized benefits above, the Commission must diligently guard against

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1 Navigant Consulting, New York State Energy Research and Development Authority’s Distributed Generation—Combined Heat And Power Demonstration Program, p. 27.
the introduction of new barriers and disincentives that undermine existing plants or discourage investment in new DG plants. The Company’s tariff filing includes the imposition of such barriers and disincentives and thus presents an opportunity for the Commission to emphasize the importance of DG by rejecting these barriers and disincentives.

2. The Company’s Customer Base Load (“CBL”) method should not be applied to baseload DG.

The CBL method discriminates against owners of base-load DG systems and creates a windfall gain for the Company. By banning baseload DG owners from participating in DR programs under Riders U and S, the Company is unjustly enriching its shareholders at the expense of customers who choose to operate baseload DG systems during periods of peak demand.

Rather than rewarding DG owners for the benefits they provide to the system, DG owners are forced to pay a separate contract demand charge specifically for the assurance that their loads can be served all hours of the year by Con Ed under RA SC-14. The Commission should not endorse a tariff that unfairly discriminates against DG. To the extent that a local network requires load relief, the Company should pay all local resources that provide that relief, and pay all participating DGs an equivalent payment to require them to continue operating. Alternatively, if the Commission determines that DGs cannot effectively participate in Riders U or S, it should recognize that, on those networks for which Riders U and/or S apply, Con Edison cannot meet its obligation to provide standby service in some hours. In that circumstance the Company is not meeting their service obligation, so it should forgive the SC-14 contract demand charge for customers on those networks that have a need for relief.

3. The participation of SC-11 customers should be allowed.

Con Ed has filed revisions excluding participation of Riders U and S load relief programs by DGs that export energy to the grid and all SC-11 customers. This should be rejected.

Rider U events are called when part(s) of the Con Ed system are approaching Condition Yellow or Voltage Reduction of at least 5 percent. Load relief evaluation solely based on immediate grid load reduction appears myopic. We are not aware of any local network failures of any magnitude that did not involve the failure of multiple feeders to the network. Typically, networks fail as feeders become overloaded and each feeder’s failure increases the load on the remaining feeders. Approved synchronous and Inverter based DG’s do not negatively impact loading on circuits. Synchronous and inverter based DG’s that export directly to the local network perform the same function as feeders and the loss of export from those DG’s increases the load on the system feeders in the same way as any other supply failure. The Company has not provided any basis for excluding these resources. As a result, we urge the PSC to prevent the Company from discriminating against customers subject to Rider U who export power as eligible for Riders U.

Rider S events are called when the day-ahead forecasted load level is at least 96 percent of the forecasted summer system-wide peak. There is considerable value to adding additional power to the grid under such conditions. Approved synchronous and inverter-based DG’s do not negatively impact loading on circuits. By exporting directly to the local network, they perform
the same function as feeders provide a significant benefit to the system. The Company has provided no basis to exclude these resources. Although export was not included in 2011’s Rider S provisions, we believe that it should be included in the 2012 Tariff.

In both Rider U and S, it appears that the Company has not considered a customer that both imports and exports power depending upon time of day, availability of DG resources, and incentives. The Commission should encourage those customers that have an SC-11 connection to be eligible to be compensated to reduce load in the Rider U and S programs. We suggest that all SC-11 customers be eligible for participation in Rider U and Rider S.

Thank you for the opportunity to offer these comments.

Very truly yours,

NORTHEAST CLEAN HEAT AND POWER INITIATIVE

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